

T R Chadha & Co LLP
Chartered Accountants



Private and Confidential

Date: 27th September, 2017

To,
Board of Directors
Indian Metals & Ferro Alloys Limited
IMFA Building,
Bomikhal, Rasulgarh,
Bhubaneshwar, Odisha-751010

Board of Directors
B.Panda & Company Private Limited
IMFA Building,
Bomikhal, Rasulgarh,
Bhubaneshwar, Odisha-751010

Sub: Recommendation of Share Exchange Ratio for the proposed Amalgamation of B. Panda & Company Private Limited (BPCO) in Indian Metals & Ferro Alloys Limited (IMFA).

Dear Sir / Madam,

We refer to our appointment for conducting share valuation and recommending a share exchange ratio for the proposed scheme of amalgamation, whereby Indian Metal and Carbide Limited (hereinafter referred to as 'IMCL') and B. Panda and Company Private Limited (hereinafter referred to as 'BPCO') will be merged with Indian Metals and Ferro Alloys Limited (hereinafter referred to as 'IMFA').

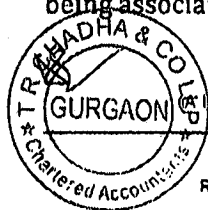
A. SUMMARY OF THE VALUATION RESULTS

We have carried out valuation of the following Companies and our respective reports have been submitted to you;

- Indian Metals and Ferro Alloys Limited
- B. Panda and Company Private Limited

In addition to merger of BPCO with IMFA, IMCL is also proposed to be merged with IMFA but there is no requirement for valuation of IMCL as IMCL is a wholly owned subsidiary of IMFA and as per the scheme, the existing paid-up share capital issued by IMCL will get cancelled and no further shares will be issued by IMFA to the shareholders of IMCL.

We must emphasize that the financial projections are prepared by the management of the respective companies and provided to us for the purpose of our analysis. The fact that we have considered the financial projections in this exercise should not be construed or taken as our being associated with or a party to such projections. Realizations of free cash flow forecast



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For Indian Metals & Ferro Alloys Ltd.

(Prem Khandelwal)
CFO & Company Secretary



used in the analysis, therefore, will not, and cannot be directed to provide any assurance about the achievability of the financial projections. Since the financial projections relate to future, actual results are likely to be different from the projected results because events and circumstances do not occur as expected, and the differences may be material.

In accordance with the terms of our engagements, we have assumed and relied upon, without independent verification (i) the accuracy of the information that was publicly available and formed a substantial basis for this Report and (ii) the accuracy of information made available to us by the Companies. In accordance with our Engagement Letter(s) and in accordance with the customary approach adopted in valuation exercise, we have not audited, reviewed or otherwise investigated the historical financial information provided by the Companies. Accordingly, we do not express an opinion or offer any form of assurance regarding the truth and fairness of the financial position as indicated in the financial.

Neither this report nor its contents may be referred to or quoted in any registration statement, prospectus, offering memorandum, annual report, loan agreement or other agreement or document given to third parties, other than in connection with the proposed scheme, without our prior written consent.

We have estimated the value under DCF Method and NAV Method based on the Unaudited Provisional Financial Statements available on the latest closing date which is **31st August, 2017**, whereas the value under SEBI Method (Market Approach) has been estimated as per the SEBI circular no. CFD/DIL3/CIR/2017/21 dated 10th March 2017.

The Valuation opinion as per our report dated: 27th September, 2017 of the aforementioned companies is encapsulated below:

S.No	Company	Amount (in INR Crores)
i.	Valuation of Indian Metals and Ferro Alloys Limited	1,836.72
ii.	Valuation of B. Panda and Company Private Limited	948.02



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Shareholding details of subject Companies.

The details of shares outstanding as on 31st August 2017 in respect of the companies are as follows:

S.No	Company	Number of Equity Shares
i.	Indian Metals and Ferro Alloys Limited	26,977,053
ii.	B.Panda and Company Pvt. Limited	1,949

(As per Audited Balance Sheet of IMFA and Provisional Balance Sheet of BPCO)

B. DETERMINATION OF SWAP RATIO

The recommendation(s) rendered in this report only represent our recommendation(s) based upon information furnished by the Companies (or its representatives) and other sources and the said recommendation(s) shall be considered to be in the nature of non-binding advice, (our recommendation will however not be used for advising anybody to take buy or sell decision, for which specific opinion needs to be taken from expert advisors). We have no obligation to update this Report.

The determination of value of a Company is not a precise art science and the conclusions arrived at in many cases will, of necessity, be subjective and dependent on the exercise of individual judgement. There is, therefore, no indisputable single Value based on the information available to us and within the scope and constraints of our engagement, others may have a different opinion. The final responsibility for decision of the Fair Value of business for which the proposed merger/demerger shall take place will be with the Board of Directors who should take into account other factors such as their own assessment of the proposed Transaction and input of other advisors.

Per share value of the respective companies is given below:

S. No.	Company	Amount (in INR)
i.	Per share equity value of Indian Metals and Ferro Alloys Limited	680.85
ii.	Per share equity value of B.Panda and Company Pvt. Limited	48,64,148.56



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The Share exchange ratio is accordingly given below:

7,14,428 (Seven Lakh Fourteen Thousand Four hundred and Twenty Eight) equity shares of Indian Metals and Ferro Alloys Limited of INR 10/- each fully paid-up will be issued for every 100 (One Hundred) equity shares in B. Panda and Company Private Limited. Based on the same, total 1,39,24,205 (One Crore Thirty Nine Lakhs Twenty Four Thousand Two Hundred and Five) shares of IMFA of INR 10/- each fully paid-up will be issued to shareholders of BPCO. However, pursuant to the merger, intercompany shareholding by BPCO of 1,39,18,046 (One Crore Thirty Nine Lakh Eighteen Thousand and Forty Six) shares in IMFA will be cancelled out.

As advised by SEBI Regulations 76, with respect to Schedule 7 of SEBI(ICDR) Regulations, 2009 and the schemes which are pending with SEBI/Stock Exchanges as well as fresh schemes which will be filed hereafter, the valuation report shall display the workings, relative fair value per share and fair share exchange ratio in the following manner:

Computation of Fair Share Exchange Ratio:

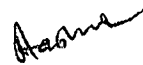
Valuation Approach	IMFA Ltd.		BPCO Ltd.	
	Value Per Share	Weight	Value Per Share	Weight
Asset Approach	420.35	0%	48,64,148.56	100%
Income Approach	557.41	0%	-	-
Market Approach	680.85	100%	-	-
Relative Value per Share	680.85		48,64,148.56	
Exchange Ratio (rounded off)			7,14,428	

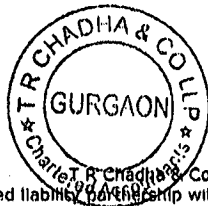
Ratio:

"7,14,428 equity share of IMFA Ltd of INR 10 each fully paid up for every 100 equity shares of BPCO Ltd."

Respectfully submitted,

For T R Chadha & Co LLP, Chartered Accountant


Aashish Gupta
Partner
M.No. 097343



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